APPENDIX.

MEMORANDUM ON THE HISTORY OF THE SUPARI HALAT QUESTION.

Before the year 1831, when Mysore came under British rule, nearly 550 articles including cattle, food-grains, cotton, pepper, etc., were subject to the payment of a duty called the "Sayer" duty. The articles that were liable to pay Sayer duty paid that duty, whether consumed in the State, or exported outside, and the duty was levied as an excise, a transit, or an export duty, according to the destination of the article on which it was levied. The transit duty was abolished nearly sixty years ago, and the number of articles liable to the payment of duty was reduced from time to time, until from the year 1885 supari, *i. e.*, arecanut or betelnut, has been the only article on which Sayer is being levied. The duty, which until 1875 varied, according to the quality of the produce, from annas 6 to Rs. 1-4-0 per maund of 40 seers of 24 tolas, was in that year fixed at a uniform rate of annas 12 per maund. This is the rate of duty still levied. The revenue derived from 'Sayer' amounted in the year 1863-64 to over 11 lakhs of rupees, and was collected by an establishment costing more than a lakh. With the gradual abolition of the duty on most of the articles, the Sayer revenue has fallen to about 3½ lakhs, for the collection of which there is an establishment costing Rs. 11,676 per year.

2. Arecanut is grown in gardens in all the districts of the State, but chiefly in the malnad taluks of the Kadur and Shimoga Districts and in portions of the Tumkur District. Except in these tracts, the Sayer revenue is collected through the village headmen and the subordinate Revenue officers. But in Kadur and Shimoga and parts of Tumkur, where the revenue to be collected is large, there is a special establishment, the members of which are paid from Rs. 5 to Rs. 15 per month.

3. The greater portion of the supari grown in Mysore finds its way to Bellary, which is the chief mart for the produce. In the Kadur and Shimoga Districts the raiyat sells his produce to a merchant at Birur (Mysore State) or at Bellary, either directly or through a middleman. In either case, when the supari is transported, it has first to be taken to the *Katte* or custom house, where it is weighed and the duty (called *halat*) collected, and a pass is given, under cover of which the article may be removed. If the raiyat carries his produce direct to the merchant, he pays the *halat* in the first instance; but if a middleman buys the 'supari' from him at the place of production, the *halat* is in the first instance paid by the middleman.

4. It must here be mentioned that only the Mysore article pays *halat*. Supari brought into the State from outside is not subject to the payment of duty. The foreign article, as soon as it enters the Mysore State, is taken to the nearest *katte*, where a free pass is given under cover of which the article may be transported anywhere. This exemption of the foreign article from payment of duty naturally gives occasion to the smuggling of the Mysore produce across the frontier and the disposing of it there or bringing it back into the State as if it were foreign produce. It is believed that there is a certain amount of smuggling going on in frontier taluks. To guard against smuggling a part of the special Sayer establishment is told off for preventive duty on the frontier.

5. But the chief preventive measure consists in the restrictions placed on the garden owners in connection with the picking operations and the disposal of the yield. Just before the harvest season the Sayer officials inspect every areca garden, estimate the probable yield and enter the estimated quantity for each garden in a register, which is kept by the patel or headman of the village for future reference. Before gathering the produce the owner of the garden informs the patel of his intention to do so. The patel issues a permit, warning the owner at the same time that the produce should not be removed from the garden before he (the patel) has measured it. On the authority of this permit the bunches of arecanut are gathered and the fruit separated. Information is then sent to the patel, who goes to the garden, measures the fruit, estimates the probable quantity of the prepared arecanut, and, after entering these particulars in the permit, gives leave to the owner to prepare the nut for the market. Finally, when the nut is prepared, it is once more weighed by the patel and the Sayer officials, and the total quantity of the actual yield is entered in a *patta* which is given to the garden owner. A register showing the stock with each garden owner is kept with the patel, and the owner is accountable for the quantity shown in the register less a small deduction allowed free of duty for household consumption. Whenever any portion of the nut is sold, the quantity sold is shown by the patel in his register. The stock on hand is examined now and then, and if it does not agree with the net balance according to the register, the owner is made accountable for the deficiency. It is when the *supari* is removed from the raiyat's village that the *halat* on it is levied at the *katte*.

6. It has always been recognized that the above procedure causes considerable annoyance to the raiyat. It allows inferior Government servants and the village headmen constantly to interfere with him (1) in his harvest operations, (2) in his dealings with his customers, and (3) with regard to his stock, and affords them many opportunities to worry him in various ways. The Sayer duty on supari has therefore generally been described by revenue officers as harassing, vexatious and inquisitorial; and it is the opinion of some very experienced officers that, for the 3½ lakhs which comes to the Government in the shape of Sayer revenue, the raiyats are actually out of pocket to a much greater extent.

7. Now, the people on whom this heavy burden falls are recognized, on all hands, to be the least capable of bearing it. In the opinion of those who are competent to judge, these arecanut gardens have been very heavily assessed to land revenue, the maximum rate being as high as Rs. 28 per acre against Rs. 15 in the adjoining taluks of North Canara. The sayer represents another Rs. 13 of taxation per acre. Whether as a result of the excessive assessment paid on these gardens for the past several decades, or independently of it, the majority of the malnad garden owners have been for years under the clutches of money lenders. And to add to this, they have suffered much from falling prices, from a disease called *koleroga* which attacks the trees and damages the crop, and from successive years of insufficient rainfall. While the loss caused by a drought to the owner of ordinary dry and wet lands is only temporary—as he can get a bumper crop if there is good rain in the succeeding year,—the loss to the owner of an arecanut garden is permanent, as the trees, raised with much difficulty and at great expense, and without any return for about 12 years, die or lose so much in vitality that no amount of rain in the next year can completely restore them. It may be mentioned in passing that the last year's drought has been so severe that the injury to the arecanut gardens has been almost irreparable. Under all these circumstances the condition of the gardens has steadily deteriorated during the past years, and it has been the opinion of all officers conversant with the supari industry that the malnad garden owners thoroughly deserve some measure of relief.

8. Various measures of relief have been proposed and considered from time to time. In 1891 Mr. Madhava Rao, the present Dewan, was specially deputed to study and report on the condition of the garden owners, the incidence of the garden assessment and sayer duty, and other kindred subjects. He submitted a detailed report and recommended (1) that the garden assessment should be reduced and (2) that the sayer should be abolished or at any rate the rate of duty should be reduced. An alterative proposal was then made by Sir Sheshadri Iyer, who considered that the garden assessment should be reduced to the level of an ordinary wet assessment, and the sayer duty abolished, but a tree-tax levied in lieu of it. After much discussion it was decided in 1896 to leave the Sayer duty alone for the time being, but to reduce the garden assessment in taluks where it was pressing too heavily by about one-third, so that the average rate in the Sorab Taluk for instance was brought down from Rs. 15 to Rs. 10 per acre.

9. It has however been found that this remission of a portion of the garden assessment has not given to the raiyat the full measure of relief that he really stands in need of. The decision to let the Sayer duty alone was chiefly due to the fact that the finances of the State did not allow of the giving up of an item of revenue which yielded 3½ lakhs to the coffers of the State. With the general improvement of the finances, however, proposals have again been made to do away with the Sayer duty in whole or in part. Two years ago Sir P. N. Krishna Murti proposed to remit about a third of the Sayer revenue and collect the balance in the form of an acreage cess. But it was felt that the raiyat would probably consider his "latter end to be worse than the beginning," since such a cess, unlike the *halat*, would be collected irrespective of the actual yield, and, it may be, before he has had time to realise the price of his produce.

10. A partial reduction of the duty from 12 to 8 annas per maund was recently under consideration as a preliminary to further reduction and final abolition; but as this would leave the present pernicious system in exactly the same state as at present, this proposal has also been given up. It is now proposed to do away with the Sayer duty entirely and once for all.

11. How far this would benefit the garden owners has to be considered. In accordance with abstract economic laws, every expense that adds to the cost of production falls on the consumer in the long run, and any reduction in this cost must ultimately reduce the price of the commodity for the benefit of the consumer. Some officers whose opinion is entitled to great respect have been of opinion that as a matter of fact the *halat* actually falls on the producer. There has been much controversy on this subject, and a good deal has been written about it. It is difficult to dogmatise on such matters, and it must be remembered that the doctrines of political economy are based on the assumption that competition has full scope and every man knows what is best for himself and acts accordingly. But the malnad raiyat is ignorant and often impecunious, and is entirely in the hands of the middleman, without whose help he is unable to pay the *halat* and place his produce on the market. The abolition of the *halat* will render the producer very little dependent on the middleman, and there is every reason to hope that he will obtain an appreciable measure of relief from the abolition of the *halat*.

12. Mysore supari is admittedly the best in the market, and generally fetches higher prices than the produce of other countries. The highest grade produced in Mysore, called the Deshawar, is absolutely without an equal. The *halat* on this is no doubt paid by the consumer, and a remission of the tax would not directly benefit the producer. But there are certain inferior grades, which on account on the *halat* are, at present, practically unsaleable. Before 1875 the rates of Sayer duty were 6 as., 12 as. and Rs. 1-4-0, for different qualities. The adoption of a uniform rate of 12 annas has undoubtedly pressed hard on the inferior grades. The abolition of *halat* would at once improve the sale of the inferior kinds of supari, and in this way again afford material relief to the producer.

13. Lastly, although it is impossible to say how much of the 3½ lakhs of revenue which the Government propose to give up would go to the areca garden owners, it is certain that it would do away with the present obnoxious and pernicious system, which both harasses and demoralises the people, keeps the cultivator in bondage to the middleman, and places upon him a pecuniary burden which is much greater than the direct yield of the impost to the State.

14. It must be admitted that if it were not for its attendant evils the Sayer duty would be a very convenient method of taxation; and for the people a light land assessment with the sayer duty would have been more welcome than a heavy land assessment without the sayer duty. Sayer has in theory at least its own advantages in that it is regulated by the actual yield, and consequently does not press heavily in a bad year; and it also provides certain safe-guards against theft, since under the Sayer Rules a person will not be able to dispose of supari easily unless his name is in the registers. But although these advantages may be said to exist, the drawbacks of the present system are so great that these advantages must be sacrificed for the sake of relieving the raiyats from an intolerable burden; and as regards the State itself it is confidently hoped that the sacrifice of 3½ lakhs of revenue will be more than compensated for by the increased prosperity of an important and deserving section of the population, which might be safely expected to result from the raiyat being relieved of an impost amounting to Rs. 13 per acre.